



1900.

EIGHTH

ANNUAL REPORT

OF THE

GENERAL ELECTRIC COMPANY.

JANUARY 31, 1900.

OFFICE OF THE

GENERAL ELECTRIC COMPANY

SCHENECTADY, N. Y., April 26th, 1900.

TO THE STOCKHOLDERS :

You are hereby notified that the Annual Meeting of the Stockholders of the General Electric Company will be held at the Company's Office, Schenectady, N. Y., on Tuesday, May 8, 1900, at 12 o'clock, noon, for the following purposes :—

1. To elect thirteen Directors for the ensuing year.
2. To transact such other business as may properly come before the meeting.

If you are unable to be present, please sign and return the enclosed proxy.

The transfer books of the Company, closed at 12 o'clock, noon, April 14, instant, will be reopened at 10 o'clock, A. M., on Wednesday, May 9, 1900.

Yours respectfully,

M. F. WESTOVER,

Secretary.

1899

BOARD OF DIRECTORS.

GORDON ABBOTT,
OLIVER AMES,
C. A. COFFIN,
T. JEFFERSON COOLIDGE, JR.,
THOMAS A. EDISON,
GEORGE P. GARDNER,
EUGENE GRIFFIN,
HENRY L. HIGGINSON,
J. PIERPONT MORGAN,
J. P. ORD,
ROBERT TREAT PAINE, 2ND,
GEORGE FOSTER PEABODY,
CHARLES STEELE.

Mr. Charles Henry Coster, a Director of this Company and a Member of its Executive Committee, died at his home in the City of New York on the 13th day of March, 1900, at the age of forty-nine years.

Mr. Coster had been most closely and actively identified with the General Electric Company since its organization in 1892, and for nine years prior thereto he bore a like relation to its predecessor companies, the Edison Electric Light and the Edison General Electric Companies.

The death of Mr. Coster is keenly felt by every Director and Officer of this Company and is a great loss to all its stockholders. The Board of Directors, on March 22nd, adopted the following resolution :

“WHEREAS, we have with deep sorrow heard of the death of our associate, Mr. Charles Henry Coster,

THEREFORE, RESOLVED, that we, his fellow-directors, wish to express and to record our strong sense of his able, untiring, devoted work in behalf of our Company, in the days both of its trial and of its prosperity, and also of his courage and kindness at all times. It is in large measure due to his comprehension of business conditions and business laws, and to his unusual sagacity, that our Company owes its present standing. In all his relations he was ruled by a very high standard of fairness, of honesty and of honor. We feel in his death a keen personal loss.

We recognize that not only our Company, but also the business world, has lost a very valuable and noteworthy member, who has served it with rare devotion, and who has sacrificed his strength and his health in this service.”

OFFICERS AND DEPARTMENTS.

C. A. COFFIN, *President.*

EUGENE GRIFFIN, *First Vice-President,*

JOSEPH P. ORD, *Second* " "

E. W. RICE, JR., *Third* " "

M. F. WESTOVER, *Secretary,*

HENRY W. DARLING, *Treasurer and Assistant Secretary,*

I. S. KEELER, *Second Assistant Secretary,*

H. P. SCHUYLER, *Assistant Treasurer,*

EDWARD CLARK, *General Auditor.*

} Schenectady, N. Y.

SALES DEPARTMENT.

(In charge of First Vice-President.)

W. J. CLARK, *Manager Foreign Department,*

J. R. MCKEE, " *Power and Mining Department.*

J. R. LOVEJOY, " *Lighting, Railway and
Supply Departments.*

} Schenectady, N. Y.

TREASURY, ACCOUNTING, COLLECTION AND CREDIT DEPARTMENTS.

(In charge of Second Vice-President.)

HENRY W. DARLING, *Collections.*

H. P. SCHUYLER, *Credits,*

EDWARD CLARK, *Accounting.*

} Schenectady, N. Y.

MANUFACTURING AND ENGINEERING DEPARTMENTS.

(In charge of Third Vice-President.)

G. E. EMMONS, *Manager Schenectady Works,* Schenectady, N. Y.

W. C. FISH, " *Lynn* " *Lynn, Mass.*

J. W. HOWELL, *Engineer Harrison* " *Harrison, N. J.*

LAW AND PATENT DEPARTMENTS.

FREDERICK P. FISH, *General Counsel,* Boston, Mass.

HINSDILL PARSONS, *Counsel,*

ALBERT G. DAVIS, " "

HOWARD C. LEVIS, *Assistant Counsel.*

} Schenectady, N. Y.

President's Report.

SCHENECTADY, N. Y., April 21, 1900.

To the Stockholders of the

General Electric Company :

During the past year there has been a rapid growth of confidence in the securities issued by Electric Railway, Illuminating and Power Companies, and a greatly increased investment demand therefor.

The result of this employment of new capital in such enterprises has been to stimulate the production of that class of electrical apparatus to the manufacture of which the factories of the General Electric Company have been largely devoted.

Apart from the activity in such fields, the rapid adoption of electricity for operating all kinds of machinery, its application in naval and marine service, and to chemical uses, and the introduction of electric street vehicles, have resulted in the design and manufacture of many new electrical appliances by your Company. Meanwhile the demand for those motors, lamps and general supplies, which have long been standard with your Company, has been well maintained.

There are appended hereto reports of the First, Second and Third Vice Presidents, covering matters of interest in the several departments under their charge.

Your careful attention is invited to the complete and detailed information given therein.

The profits for the year, (including an unusually large profit, amounting to \$838,857.73, derived from the sale of securities,) after deducting all general, patent and miscellaneous expenses, expenditures on factories and allowances for depreciations and losses, were		\$ 5,479,130.20
Deduct Dividends on Preferred and Common Stock, and interest on Debentures		1,282,670.67
		4,196,459.53
Reduction in Patent Account		2,000,000.00
Net Addition to Surplus Account		\$ 2,196,459.53

While the results of the year's business have in general been satisfactory, the wide fluctuations in the values of raw material have created much disturbance and increased the difficulties in estimating costs and in fixing prices.

Because of the complexity of its business and the great number of devices manufactured by your Company, aggregating many thousand separate items, every revision of values adds very heavily to the burdens of those in charge of the manufacturing department.

The arduous and admirable service rendered by the Engineering and Commercial departments cannot be too highly commended.

By order of the Board,

C. A. COFFIN,

President.

First Vice-President's Report.

SCHENECTADY, N. Y., APRIL 10, 1900.

C. A. Coffin, Esq.,

President General Electric Company.

SIR :

I submit herewith a brief report of the operations of the Sales Department for the fiscal year ending January 31st, 1900.

SALES.

Total Sales (amount billed to customers).....	\$22,379,463.75
Cost of goods sold, general expenses, taxes, de- preciations, losses and allowances for losses...	18,573,603.57
Profit on sales.....	\$3,805,860.18

It should be noted that the "Profit on Sales" is thus figured independently of various items on the Profit and Loss statement the aggregate of which is a credit balance of \$1,673,270.02, making the total net profits \$5,479,130.20.

ORDERS RECEIVED.

The increase over last year in orders received is 51%.
The increase in each class is:

Apparatus orders.....	67.4%	over last year.
Supply orders.....	38.0%	" " "
Incandescent lamp orders.....	34.2%	" " "

Over 142,000 separate supply orders were received, of which only 623 were in excess of \$1,000, the average of all being \$59.00. Over 10,000,000 incandescent lamps were ordered during the year. There were 11,807 customers on our books at the close of the fiscal year.

About 87% of the year's orders were on our standard terms of payment—cash within sixty days.

ORDERS RECEIVED FOR THE PAST FIVE YEARS.

Fiscal year ending January 31, 1896.....	\$13,235,016
“ “ “ “ “ 1897.....	11,170,319
“ “ “ “ “ 1898.....	14,382,342
“ “ “ “ “ 1899.....	17,431,327
“ “ “ “ “ 1900.....	26,323,626

LOCAL OFFICE INVENTORIES.

Local Office inventories have been increased \$180,031 during the year and are maintained in good saleable condition. The recent inventory shows:

Active.....	\$635,478.00	96.6%
Inactive	18,853.00	2.8%
Obsolete.....	3,723.00	0.6%
Totals.....	\$658,054.00	100%

GENERAL REMARKS.

The past year shows a very large increase in volume of business over any previous year, due in part to much higher prices caused by the very considerable increase in cost of raw materials. The policy of consolidating small lighting and railway companies and substituting one large generating plant for two or more small ones has been continued and has caused a marked change in the character of electrical apparatus now being purchased. Large multiphase generators with alternating current distribution and rotary converter sub-stations are almost exclusively used in such consolidated stations when the transmission covers considerable distances.

The great increase in our orders (51%) has involved an increase of 14½% in the expenses of the Sales Department, and has necessitated more and harder work on the part of all Department and Local Office Managers and Sales Agents. It would be difficult to find a more loyal, hard-working and faithful corps of employes than is to be found in this department, and I desire to express my great appreciation of the energy, zeal and loyalty shown by them during the past year.

Mr. S. Dana Greene, General Sales Manager and Chairman of the Local Companies Committee, met with a tragic death at Schenectady in January last. His death is not only a serious loss to the company, but also a personal bereavement to all of his friends and associates in the Company.

Respectfully submitted,

EUGENE GRIFFIN,

First Vice-President,

Third Vice-President's Report.

SCHENECTADY, N. Y., APRIL 10, 1900.

C. A. Coffin, Esq.,

President General Electric Company.

SIR :

I submit the following report on manufacturing and engineering for the fiscal year ending January 31st, 1900 :

MANUFACTURING.

The usual practice of billing the output of the works to the General Office at estimated factory cost has been continued. This cost includes all material and labor plus a percentage to cover all items of general manufacturing expense and engineering, and an ample allowance for depreciation. The percentages thus added to material and labor have been demonstrated by the annual inventory to be sufficient, as will be seen by reference to the financial statistics given in the report of the 2nd Vice-President.

The great increase in our orders has strained our factory facilities to the utmost notwithstanding the liberal additions heretofore made to our machinery and buildings. We were fortunate in having completed and equipped, at the Schenectady Works, the large machine shop mentioned in my last report. This shop is now crowded with work.

There have been erected at the Schenectady Works during the past year a forge shop of 16,000 sq. ft. and a storage building of 12,000 sq. ft.

Additions aggregating about 55,000 sq. ft. have also been made to the drafting room, pattern shop, punch press shop and brass foundry, all substantial buildings of brick and iron construction.

The large iron foundry which was completed about a year ago has been found inadequate, and an extension of about 40,000 sq. ft. is now under way.

An extension to building No. 23, of about 40,000 sq. ft., has been started. This is needed to take care of the increased demand for switchboards, controllers, and similar apparatus.

At the Lynn Works we have completed a further extension to our steel foundry, of about 18,000 sq. ft. Also the new building for the manufacture of meters and instruments, mentioned in my last report, is now so crowded that a further increase of 7,000 sq. ft. has been found necessary and is now under way.

We have purchased 14 acres of land at the River Works, at Lynn, in order to give room for future extensions.

At the Harrison Works the large fire-proof building, mentioned in my last report, has been completed and is in full operation, and further extensions are under consideration in order to give the needed increase in our output.

The total area of the factory buildings aggregates approximately 2,000,000 sq. ft., which will be increased 100,000 sq. ft. when the buildings now under way are completed.

The number of employees in all the works is about 12,000.

We expended during the past year for new buildings, extensions and machinery equipment, a total of about \$900,000, exclusive of the expenditures for patterns, special tools, furniture, etc.

ENGINEERING.

The engineering work during the past year has been chiefly in the direction of improved efficiency and overload capacity, and in the design of larger sizes of apparatus of existing types.

A number of the great electric generators (5000 H.P.) for the new station of the Metropolitan Traction Co., of New York, have been in operation for several months and are regularly supplying current for the operation of electric street cars and for lighting, in the City of New York. We are now manufacturing eight machines of the same general character, which will be installed in the new station of the New York Gas, Electric Light, Heat & Power Co., of New York City, and used for the generation of current for lighting and power purposes, aside from electric street railways.

There has been a marked increase in the size of electric generators, of the direct current type, suitable for lighting and power for moderate distances.

Long distance transmission plants have increased in number and importance during the past year.

The revolving field type of alternating generator with stationary armature winding permitting the direct generation of electricity at high potentials, a form exclusively introduced by us, has met with great success and is now generally employed to the exclusion of older and less perfect types. Our orders during the year for this type of generator alone amounted to over 200,000 horse power.

We have sold during the year about 150,000 H.P. of large transformers of the air blast type, a design introduced and supplied solely by us.

The United States Navy has generally adopted electricity in place of steam or hydraulic machinery for pumping, hoisting, ventilating, and operation of turrets, as well as for lighting and small power work.

There has been a continued increase in the number of electric motors used for driving machine tools in factories, and in such special applications as the operation of printing presses, ventilating, pumping, mining, cotton mill and paper mill machinery.

We have filled many important orders, covering all classes of our apparatus, for use in foreign countries.

There has been a marked increase in the demand for electrical apparatus of special design, which is more expensive than standard, takes longer to produce and diminishes the effective output of our Works. To meet this demand we are systematically increasing our line of standard sizes, which can be produced of superior quality in shorter time and sold at a lower price.

There has been a continued improvement in the efficiency and quality of our numerous small articles of manufacture, such as arc lamps, transformers, and particularly, switchboards.

We have continued to protect our new and important engineering designs, as far as possible, by applications for Letters Patent.

The work of our Factory Managers and Engineers is worthy of the highest commendation.

Respectfully submitted,

E. W. RICE, JR.,

Third Vice-President.

Second Vice-President's Report.

SCHENECTADY, N. Y., April 10, 1900.

C. A. Coffin, Esq., President,

General Electric Company.

SIR:

The Balance Sheet and Statement of Profit and Loss, herewith transmitted—with explanation of every item on the Balance Sheet—include the assets and liabilities and profit and loss accounts of the Edison General Electric, Edison Electric Light, and Thomson-Houston Electric Companies (which, for convenience of book-keeping, are consolidated with those of the General Electric Company) at January 31, 1900; and when "the Company" is spoken of, all the above mentioned corporations are included.

Assets.

PATENTS, FRANCHISES AND GOOD-WILL.

These were carried in the last Annual Report at \$4,000,000.00

During the year there were expended for acquiring new patents, in patent expenses and patent litigation 353,333.87

Total patent account before closing the books, 4,353,333.87

By vote of the Directors there was charged to Profit and Loss, as of January 31, 1900, one half the then book value of patents, viz. \$2,000,000.00 and all patent expenses of the year 353,333.87 2,353,333.87

Leaving all the patents, franchises, good-will, etc., of the Company standing on its books at the date of this report, as per Balance Sheet, at. \$2,000,000.00

FACTORY PLANTS.

This account represents the Real Estate (lands and buildings); Machinery (steam plants, tools, appliances, etc.); Patterns (including drawings, etc.); and Sundries (fittings and other small property accounts) of the manufacturing plants at Schenectady, New York; Lynn, Massachusetts; and Harrison, New Jersey.

All are free from mortgage or other lien.

The lands of all three plants now amount to about 174 acres and the total factory floor space of all their buildings is approximately 2,000,000 square feet.

It is worthy of note that the entire book value (\$1,858,044.65) of all lands and buildings is less than one dollar per square foot of the total manufacturing floor space in those buildings.

The Company's constantly growing business has necessitated continuous expenditures to increase its manufacturing capacity by acquiring more land, enlarging old and erecting new buildings and for general improvements and new machinery. The cost of these additions has been charged against the general earnings of the Company, as have also all expenditures for the maintenance and repair of buildings and machinery, plus an allowance to provide for depreciation.

On January 31, 1893, the book value of all three factory plants was.....	\$3,958,528.21
In the fiscal years 1893 to 1899—both inclusive—additions of lands, buildings, machinery, etc., have been made at a total cost of.....	4,560,863.09
	8,519,391.30
During those seven years there have been written off to provide for depreciation on these plants	5,119,389.30
Leaving their book value at January 31, 1900	<u>\$3,400,002.00</u>

Divided as follows:

Schenectady plant.....	\$2,300,000.90	
Lynn plant	900,000.80	
Harrison plant (Lamp Factory)	200,000.30	<u>\$3,400,002.00</u>

A summary of the changes in this account since the last Annual Report is as follows:

	Book Value Jan. 31, 1899	Cost of additions during the year.	Written off at the end of the year	Book Value Jan. 31, 1900
Real Estate,	\$1,857,044.65	\$ 390,327.12	\$ 389,327.12	\$1,858,044.65
Machinery,	1,542,955.35	650,633.00	651,633.00	1,541,955.35
Patterns,	1.00	161,157.42	161,157.42	1.00
Sundries,*	1.00	128,310.86	128,310.86	1.00
Totals,	<u>\$3,400,002.00</u>	<u>\$1,330,428.40</u>	<u>\$1,330,428.40</u>	<u>\$3,400,002.00</u>

REAL ESTATE.

(OTHER THAN FACTORY PLANTS.)

This account represents the investment in the Edison Building, 44 Broad Street, New York City; also a four story brick building covering five lots on the corner of Avenue B and 17th Street, New York City; and sundry parcels of land in various places, mostly improved and rented, which have been acquired at various times, chiefly in payment of debts.

All are free from mortgages and will be sold when opportunities offer.

This account has decreased \$51,391.28 during the year, chiefly by selling real estate in Atlanta, Ga., and Rock Island, Ill.

STOCKS AND BONDS.

Pursuant to the established policy of selling securities which there is no special reason for holding permanently, various stocks and bonds have been sold for cash since the last Annual Report.

Their total par value was \$2,755,518.05.

They were sold for.....	\$2,678,409.03
They had been carried on the books at	1,839,551.30
Profit	<u>\$838,857.73</u>

The money realized from the above sale of assets was expended upon extensions to the Factory Plants, in purchasing \$400,000 of the Company's own Debentures and to protect and improve existing investments by acquiring (at a cost of \$1,274,428) miscellaneous Stocks and Bonds, of the aggregate par value of \$1,693,400.

* Include office furniture and fixtures (of the Factories), horses and trucks, shop fixtures, benches, steam fitting (above ground) for heating system, sprinkler system for fire protection, electric wiring of buildings, etc., etc.

In the book valuations of Stocks and Bonds remaining on hand since January 31, 1897, no material changes have been made since they were appraised three years ago. The book value of those not readily salable was then fixed, after careful examination of their worth at that time. Those having a market value are still carried under the price of then reported sales.

Those more recently acquired are carried at cost.

Schedules A and B annexed hereto contain lists of the most important of the Company's holdings of stocks and bonds. Their total par value is \$11,466,309. They are carried at an aggregate book value of..... \$5,754,748.03

In addition, the Company owns various other securities. As their present value is doubtful and their future value speculative, they are not set forth in the schedules. They are carried on the books as follows:

Stocks and bonds of Local Lighting and Street Railway Companies wholly owned (Par value \$151,500).....	41,852.00
Sundry holdings (Par value \$418,882).....	335,547.01
Miscellaneous securities of many underlying, manufacturing, selling and patent owning corporations, and also of street railway and lighting companies, carried at one dollar for each lot, in all.	121.00
Total book value of all stocks and bonds, as per Balance Sheet.....	<u>\$6,132,268.04</u>

I believe the actual present aggregate realizable value of the foregoing described securities is fully equal to the total amount at which they stand on the books.

NOTES AND ACCOUNTS RECEIVABLE.

This account represents the total debts now due the Company.

They appear in the annexed Balance Sheet at an estimated realizable value—*i. e.* from their face, \$7,314,930.12, (which is less than the billed amount of goods shipped during the last ninety days of the year) has been deducted an allowance of \$337,119.82 for possible losses (see page 17).

I believe this allowance to be a fair one and ample under existing general conditions of business in the country.

SALES AND COLLECTIONS DURING THE YEAR.

The net amount of sales billed to customers during the year exceeded twenty-two million dollars—those of the last three months aggregating nearly seven million five hundred thousand dollars.

Of some 11,800 regular customers on the accounts receivable ledgers, there were debit balances against 4,600 at the close of the fiscal year.

	NOTES RECEIVABLE.	ACCOUNTS RECEIVABLE.	TOTAL FACE VALUES.
Total face value, January 31, 1899.....	\$1,493,630.99	\$4,313,330.76	\$5,806,961.75
Of which there have been settled during the past year.	<u>1,149,275.88</u>	<u>4,031,227.77</u>	<u>5,180,503.65</u>
Leaving unmatured or unsettled—originating <i>prior</i> to the current year—51 note accounts and 34 open accounts	344,355.11	282,102.99	626,458.10
The unmatured and unsettled balances of the current year are	<u>633,711.57</u>	<u>6,054,760.45</u>	<u>6,688,472.02</u>
Total face value, January 31, 1900 (see page 17).....	<u><u>978,066.68</u></u>	<u><u>6,336,863.44</u></u>	<u><u>7,314,930.12</u></u>

“DOLLAR” NOTES AND ACCOUNTS.

In addition to the above there are old notes and accounts receivable of one hundred and ninety-two debtors, aggregating \$1,272,665.95, which have been written off to Profit and Loss except the nominal book value of one dollar for each debtor. They stand on the books at a total of \$192 and are being liquidated gradually. The total amount realized from this class of notes and accounts by settlements made during the past year was \$7,457.46.

ALLOWANCES FOR POSSIBLE LOSSES.

	NOTES RECEIVABLE.	ACCOUNTS RECEIVABLE	TOTAL.
On debts existing at Jan- uary 31, 1899, there was then allowed... \$	298,130.00	\$ 422,282.93	\$ 720,412.93
Amount of such allow- ance absorbed during the current year, in effecting settlements	248,169.76	368,558.17	616,727.93
Balance of allowance still standing on the old debts.....	49,960.24	53,724.76	103,685.00
Above allowance is now increased.....	0	68,590.52	68,590.52
Total allowance on old debts.....	49,960.24	122,315.28	172,275.52
Allowance for possible losses on unmatured and unsettled bal- ances of the <i>current</i> year	22,231.07	142,613.23	164,844.30
Total present allowance for possible losses...	72,191.31	264,928.51	337,119.82
Total face value (see page 16).....	978,066.68	6,336,863.44	7,314,930.12
			6,977,810.30
Add book value of "Dollar" Notes and Accounts.....			192.00
Total book value as per Balance Sheet....	905,875.37	6,071,934.93	6,978,002.30

In the settlements of old debts, on which there were allow-
ances for losses as above shown, there were realized \$185,297.72
over last year's book valuations, less \$39,968.82 loss in settling
some debts below their appraised value. Net gain above
appraised value, \$145,328.90.

WORK IN PROGRESS.

This account does not include outlays for anything in process of manufacture at the factories, but represents expenditures for labor, material, etc., at cost, on 560 uncompleted installations of finished apparatus in progress at various places. . . . \$1,024,552.60

Less partial payments thereon, received under the terms of the contracts as work progressed. . . . 150,424.24

Balance as per Balance Sheet. 874,128.36

None of the estimated profit to be derived from these installations is included in the earnings of the year.

INVENTORIES.

These accounts represent actual inventories—counted and valued item by item—of raw materials and goods manufactured and in process of manufacture at the factories; of shipments in transit to storerooms of local offices; of manufactured goods in storerooms of local offices; of materials in local repair shops; and also of all goods on consignment.

Raw materials, have been valued at the lowest price paid by the Company during the last three months of the fiscal year. The market price prevailing on January 31, 1900 was used where it was lower than the lowest price paid by the Company during the said three months.

Active-selling finished and partly finished apparatus and supplies were valued at estimated factory cost; inactive or slow-selling apparatus and supplies at about 50% of estimated factory cost; and obsolete apparatus and supplies at scrap value.

FACTORIES.

On the above basis, the inventories of the factories exceeded their book value. Following the practice of previous years, the whole of such excess has not been taken as a profit, but a portion has been retained as a reserve against possible increased cost of manufacturing, in case of further advance in prices of raw material.

The very large increase over last year's total factory inventories is due to accumulation of work—owing to the unfilled orders in process at January 31, 1900 being \$3,000,000 more than those at January 31, 1899—as well as to the increased value of the raw materials included in these inventories.

GENERAL AND LOCAL OFFICES.

During any fiscal year, goods are taken in and out of local office inventories at the estimated factory cost then prevailing. Consequently, at the close of that fiscal year, there must always be considerable change in book values of finished apparatus and supplies carried over—to adjust their inventory prices to latest estimated factory costs and to provide for losses due to returned articles, cost of repairs, breakages, boxing, reclassifying and writing down the book value of goods no longer quick-selling, etc., etc.

Owing to present increased estimated factory cost, the inventories of apparatus and supplies in all local offices showed an increase over book value of \$33,286.04 which amount has not been treated as a profit, but is held as a reserve.

OFFICE FURNITURE AND FIXTURES.

The total inventoried value of all office furniture and fixtures, machinery, tools, instruments, etc., in the general and local offices and in local repair shops was \$78,921.99. All these items have been reduced to a total book value of one dollar and the difference charged to this year's Profit and Loss.

CONSIGNMENTS.

Finished apparatus for novel uses has been delivered to various concerns subject to purchase if its operation is successful. The greater part of consignment account represents such contingent sales, and the remainder represents apparatus on exhibition or loaned to regular customers for temporary use by them.

All such shipments are charged to this account at estimated factory cost. Their total is	\$69,988.96
Less allowance for depreciation	<u>24,654.11</u>
Net book value of consignments as per Balance Sheet	<u><u>\$45,334.85</u></u>

Liabilities.

The Company has no Note Payable, nor is there under discount any paper bearing the Company's endorsement or guaranty.

It has not borrowed any money, nor has the Company's credit been used during the year either by issuing notes, endorsing customers' paper for discount or lending its name in any way; but by adhering to its established policy of maintaining sales on a basis of cash or short credit to desirable customers, all purchases have been paid for in cash.

DEBENTURES.

During the year the Company has purchased and canceled \$400,000 of its own 5% Gold Coupon Debentures due June 1, 1922, at an average cost of 117.68 per cent.

ACCOUNTS PAYABLE.

This account includes all unpaid audited indebtedness.

At the close of business on January 31, 1900, the unpaid vouchers on hand—none of which was then due under the terms of purchase—amounted to..... \$ 317,020.03

Between January 31 and February 26, 1900, the date of closing the general books, additional liabilities belonging to the past year were audited, amounting to..... 686,344.02

Total as per Balance Sheet..... \$1,003,364.05

The amount of unpaid vouchers carried over in this way monthly,—by keeping the books, other than the cash book, open a sufficient time to include each month's obligations in that particular month,—has averaged during the year about \$860,000.

ACCRUED INTEREST ON DEBENTURES.

This account, as its name implies, is the full amount of 5% interest accrued to January 31, 1900, on the Company's \$5,300,000 outstanding Debentures.

UNCLAIMED DIVIDENDS.

This account represents the full amount unpaid on all dividends declared and payable to January 31, 1900, inclusive—the addresses of a few stockholders being unknown.

Respectfully submitted,

J. P. ORD,

Second Vice-President.

SCHEDULE B—BONDS.

CORPORATE NAME.	ADDRESS.	PAR VALUE.
Astoria Street Railway Co.....	Astoria, Ore.....	\$16,000
Anniston Electric & Gas Co	Anniston, Ala.....	66,000
Ashland Light, Power & St. Ry. Co....	Ashland, Wis.....	110,000
Butte General Electric Co.	Butte, Mont.....	14,000
Benton Power & Traction Co.....	Sauk Rapids, Minn...	7,000
Brush Electric Co.....	Cleveland, O	166,000
Columbus R.R. Co.....	Columbus, Ga.....	43,000
Chattanooga Light and Power Co.....	Chattanooga, Tenn....	20,000
Charleston Consd. Ry., Gas & Elec. Co.	Charleston, S. C.....	70,000
Citizens Elec. Lt. & P. Co. (Rec'rs Ctls.)	Houston, Tex.....	46,000
Decatur Light, Power & Fuel Co.....	Decatur, Ala.....	15,000
Dedham Electric Co.....	Dedham, Mass.....	20,000
Edison Electric Co.....	New Orleans, La.....	300,000
Edison Electric Co.....	Los Angeles, Cal.....	36,000
Fort Wayne Water Power Co.....	Fort Wayne, Ind.....	19,000
Gallitzen Electric Light Co.....	Gallitzen, Pa.....	7,000
Geneva Power and Light Co.....	Geneva, N. Y.....	49,000
Jackson Light and Power Co.....	Jackson, Mich.....	32,000
Kansas City, Pittsburg & Gulf R.R. Co	Kansas City, Mo.....	3,000
Little Rock Edison Elec. Lt. & Pr. Co.	Little Rock, Ark....	13,000
Little Rock Tract'n & El. Co. (2d Mortg)	Little Rock, Ark.....	77,000
Lamar Water & Electric Light Co....	Lamar, Mo.....	5,000
Mahoning Valley R.R. Co.....	Youngstown, O.....	149,000
Madison Electric Railway Co.....	Madison, Wis.....	22,000
Montana Power Transmission Co.....	Butte, Mont.....	30,000
New Orleans & W.R.R. Co. (Rec'rs Ctls.)	New Orleans, La.....	18,181
Northern Ry. & Improvement Co.....	New Whatcom, Wash.	45,000
Napa Gas & Electric Co.....	Napa, Cal.....	25,000
Otis Electric Co.....	Yonkers, N. Y.....	10,000
Oshkosh Electric Light and Power Co..	Oshkosh, Wis.....	5,650
Phoenix Electric Light Co.....	Phoenix, N. Y.....	3,000
Public Works Co	Bangor, Me.....	147,715
Peoples Electric Light and Power Co...	Oswego, N. Y.....	90,000
Peninsula Lighting Co.....	Redwood City, Cal....	2,100
Raleigh Electric Co	Raleigh, N. C.....	6,000
Rutland City Electric Co.....	Rutland, Vt.....	28,000
Sacramento Elec. Gas & Railway Co....	Sacramento, Cal.....	257,000
Seattle Electric Co.....	Seattle, Wash.....	140,000
Schenectady Railway Co.....	Schenectady, N. Y....	230,000
Seneca Edison Co.....	Seneca Falls, N. Y....	30,000
Twin City General Electric Co.....	Ironwood, Mich.....	15,000
Tacoma Railway & Power Co.....	Tacoma, Wash.....	441,000
United Gas & Electric Co.	Dover, N. H.....	20,000
Utica Belt Line St. R.R. Co	Utica, N. Y.....	5,000
Winona Railway & Light Co.....	Winona, Minn.....	36,000
Water, Light & Power Co.....	St. Cloud, Minn.....	2,500

Total	\$2,892,146
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Total Book Value.....	\$2,079,800.17
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Average per cent. of book value of above named Bonds to par 71.91.

NOTE.—The corresponding per cent. of Bonds in the last Annual Report was 64.77.

PATTERSON, CORWIN & PATTERSON,
 CERTIFIED PUBLIC ACCOUNTANTS,
 30 BROAD STREET.
 CABLE ADDRESS, "DIGNUS."

NEW YORK, April 16, 1900.

TO THE BOARD OF DIRECTORS OF THE GENERAL ELECTRIC CO.

We have made a critical examination of the books and accounts of the General Electric Co., the Edison General Electric Co., the Edison Electric Light Co., and the Thomson-Houston Electric Co., for the year ending January 31, 1900, and hereby certify that the consolidated income accounts published in the foregoing Annual Report of the General Electric Co., as of January 31, 1900, correctly state the results of the business for the period, and that the balance carried down in profit and loss account includes the closing of all income and expense accounts; also accrued interest on Debentures and all accrued dividends on preferred stock and all dividends on common stock to January 31, 1900.

We further certify that the consolidated condensed balance sheet published herewith, correctly states the assets and liabilities of the Company at January 31, 1900, as shown by the books.

In the course of this examination we audited the pay rolls, checked all vouchers for disbursements, and found that such disbursements were correctly carried into the general books of account; also traced the sales from the shipping department through the sales journals into the general ledger.

We verified the cash balances by comparison with pass books or statements of the various banks of deposit and by actual count of cash in the Treasurer's office. The only cash items not verified were the various small balances carried in the distant branch offices.

We verified the amounts of stocks, bonds and bills receivable owned by the Company, either by actual count of the securities in the office of the Treasurer or by receipts and certificates of the Trust Companies and other custodians of the same.

We examined, item by item, into the book values of the stocks and bonds owned, and we are satisfied that in the aggregate, the actual value of the securities is fully equal to the amount at which they are carried on the books.

The large profits realized on the securities sold during each one of the past several years demonstrates that they were carried at a conservative valuation. All of the stocks and bonds owned by the Company, exclusive of those carried at one dollar for each lot, were inventoried at the end of the last two fiscal years as follows :

	January 31, 1899	January 31, 1900
Stocks at.....	42.95%	44.53%
Bonds at.....	63.79%	70.45%

We observed the methods employed by those familiar with the circumstances to determine the estimated amount charged off as a reserve against bad debts and other possible losses on notes and accounts receivable, and are satisfied that such estimates were carefully and fairly made. These methods are fully justified by the outcome of the estimates of previous years made on the same basis, the result being a profit over the reservation on the notes and accounts collected. The collections are closely made and the results show the credits are well supervised.

The technical nature of the business of the Company, and the wide range, number and variety of the articles manufactured, render it impracticable for any persons not mechanically expert in the various lines and familiar with the goods, to correctly identify and inventory them; therefore, the inventories at January 31, 1900, were necessarily taken and priced by the Company's own experts. We, however, noted the manner in which the inventories were compiled, item by item, and verified the computations. Our knowledge of the instructions given and the methods and precautions followed to insure correctness leads us to believe that said inventories were carefully and conservatively taken and that the total value of the goods is not overstated in the amount carried over in the balance sheet.

We have not attempted to appraise the manufacturing plants, but in our opinion, which is based upon our observation of the methods of treating improvements to the plants and the amounts charged off for depreciation, the policy of the management regarding charges to plant is unusually conservative and commendable.

As to the value of the patents and franchises, we do not feel competent to express an opinion. The Patents, Franchise and Good Will account, now reduced to \$2,000,000.00, contains all items properly chargeable thereto.

We observed the instructions given and the precautions taken to enter all accounts payable on the books at the time of closing and are satisfied that all known existing current liabilities of the Company are included in the balance sheet.

The policy of the Company as reflected in its accounts is to charge off all ascertained shrinkages or losses immediately and at the end of each year to make liberal allowance for possible losses; but no profits are written until sales are made.

We have read the report of the Second Vice President and find that it correctly explains each item of the Balance Sheet and sets forth in exact terms the general accounting methods of the Company.

PATTERSON, CORWIN & PATTERSON,

Certified Public Accountants.

Consolidated Balance Sheet of January 31, 1900.

ASSETS.				LIABILITIES.	
PATENTS, FRANCHISES AND GOOD-WILL	\$ 2,000,000.00			CAPITAL STOCK:	
				Seven per cent. Cumulative Preferred..	\$ 2,551,200.00
				Common	18,276,000.00
					\$ 20,827,200.00
FACTORY PLANTS.....	3,400,002.00				
REAL ESTATE (other than factory plants)	\$ 563,643.44				
STOCKS AND BONDS.....	6,132,268.04	6,695,911.48		5% GOLD COUPON DEBENTURES.....	5,300,000.00
CASH	1,537,071.86			ACCOUNTS PAYABLE.....	1,003,364.05
				ACCRUED INTEREST ON DEBENTURES..	44,166.67
				UNCLAIMED DIVIDENDS	4,935.85
					1,052,466.57
NOTES AND ACCOUNTS RECEIVABLE....	6,078,002.30				
WORK IN PROGRESS.....	874,128.36				
	7,852,130.66				
INVENTORIES:					
Factories	\$ 7,264,666.01				
General and Local Offices	737,580.23				
Consignments.....	45,334.85	8,047,581.09	15,899,711.75		
				PROFIT AND LOSS.....	2,353,030.52
			\$ 29,532,697.09		

Consolidated Profit and Loss Account of January 31, 1900.

EXPENSES.		EARNINGS.	
Cost of Goods sold.....		Balance January 31, 1899 (Surplus).....	
\$ 16,436,935.19		\$ 156,570.99	
General Expenses, Taxes, Depreciations,		Sales.....	
Losses and Allowances for Losses....		\$ 22,379,463.75	
2,136,668.38		Royalties and Sundry Profits.....	
Patents and Patent Expenses.....		868,706.70	
353,333.87		23,248,170.45	
\$ 18,926,937.44		Dividends and Interest received on Stocks	
Interest on Debentures*.....		and Bonds owned.....	
281,666.67		309,428.23	
Dividends Paid:		Interest and Discount.....	
On Preferred Stock—7% for the year.....		80,322.06	
178,581.00		389,750.29	
" Common Stock—three dividends		Profit on sales of Stocks and Bonds....	
of 1½% each: paid July 15, '99,		838,857.73	
Oct. 14, '99, and Jan. 15, 1900..		Less Premiums paid for Debentures pur-	
822,420.00		chased and canceled.....	
1,001,004.00		70,710.83	
Patents and Good Will written off.....		768,146.96	
2,000,000.00		\$ 24,562,638.6	
Balance January 31, 1900 (Surplus).....			
2,353,030.52			
\$ 24,562,638.63			

for ten months and on \$5,300,000 for two months.

E. & O. E.

J. P. ORD, *Second Vice-President.*